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Mandatory Labeling of Imported Food and Beverage Products

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FAIRS Subject Report

Approved By:

Dennis Voboril

Prepared By:

Fahwani Y. Rangkuti & Jonn Slette

Report Highlights:

The National Agency for Drug and Food Control (BPOM) issued a circular letter on September 1, 2010 to Indonesian food importers and distributors mandating the use of the Indonesian language on the labels of all packaged food products imported for retail purposes. The circular letter cites Food Law No. 7/1996 and Government Regulation No. 69/1999 as the basis for the language requirement. The circular also notes that the more vigorous enforcement of Food Law No. 7/1996 and Government Regulation No. 69/1999 is due to increased levels of imported food and beverage products not bearing Indonesian language labels during the first semester (Jan. – June) of 2010.

General Information:

The mandatory use of Indonesian language labels for imported, packaged food products for retail was initially required under Food Law No. 7/1996 and Government Regulation No. 69/1999. Additionally, in 2003, the former head of BPOM published a food labeling guide for more robust implementation of the 1996 and 1999 regulations through Decree No. HK 00.05.52.4321. However, the labeling requirements from the 1996 and 1999 regulations were not enforced after their initial issuances. Furthermore the 2003 BPOM decree ultimately did not provide for greater enforcement.

More recently, the domestic industry, as represented by the Indonesian Food and Beverage Industry Association (GAPMMI), reportedly lobbied BPOM to more vigorously enforce the labeling mandates under Food Law No. 7/1996 and Government Regulation No. 69/1999. According to newspaper articles from August, the Minister of Industry received the information that an increased level of Chinese packaged and processed food products were flooding the Indonesian market. Based on the BPOM circular letter, many imported food products distributed in the markets were not in accordance with Indonesian law. Examples of some of the problems noted by BPOM include:

- Label and/or stickers is not written in the Indonesian language
- Label and/or stickers can easily stick off
- Label and/or stickers can easily lose its color or damage
- Stickers are placed on the part of the packaging which cannot easily be seen and read
- Label and/or stickers contain incomplete information

The September 1 circular letter issued by BPOM states that the Indonesian label requirements will be fully implemented on March 1, 2011 for all products that currently have a BPOM issued product registration number (ML). These products can continue to be sold at the retail level until the March 1, 2011 deadline, after which they must comply with the language mandate. The circular also stated that any importers seeking ML numbers for new products must meet the new labeling requirements as of September 1, 2010.

In August 2010, additional newspaper articles quoted GAPMMI officials stating that the domestic food and beverage industry is being challenges by imported products. These reports also stated that because the competitiveness of domestic products is weak, imported products easily flood the market. GAPMMI reportedly blamed high production and energy costs, poor infrastructure, and the regulatory oversight on domestically produced food product's inability to compete with imports. These reports specifically cited that biscuits, juices, and other beverages are particularly sensitive to imports. Additionally, GAPMMI suggested to the local press that foreign language labels for imported food products were acceptable in some instances. They were quoted as expressing that it was their opinion that Japanese products, sold in Japanese stores, intended for Japanese consumers should not require mandatory Indonesian language labels. However, they reportedly stressed that this was only acceptable if the products were sold only in specialty Japanese stores.

Finally, on October 6, 2010 the Directorate General of Customs and Excise of the Ministry of Finance issued his circular letter No. SE-19/BC/201 to heads of Main Customs Services and Excise Supervision Offices throughout Indonesia to confirm the mandatory labeling requirements for imported food and

beverage products into Indonesia. The customs circular letter has asked all the customs officers to exercise strict control over imported food and beverage products entering the Indonesia, and to ensure that food and beverage products entering into Indonesia have met the labeling requirements and “do not distort the national industrial development.”

Appendix I.

MINISTRY OF TRADE OF THE REPUBLIC OF INDONESIA PRESS RELEASE

Head of Public Relation of
the Ministry of Trade
Jl. M.I Ridwan Rais No. 5, Jakarta 10110
Telp/ Fax: 021- 3860371

Mandatory Label Indonesian Language: *Government Efforts To Enhance Consumer Protection*

Jakarta, October 1, 2010 - Starting today (1/10), all imported products (non food and non drugs) will be subject to liability in Indonesian language labeling. This is done to secure the rights of consumers to information that is clear, correct, honest and easy to understand about the condition and guarantee of the goods purchased under the Consumer Protection Law mandates.

Minister of Trade Mari Elka Pangestu said this is related to the implementation of Regulation of the Minister of Trade Number 22/M-DAG/PER/5/2010 concerning the Inclusion of Label On Goods, which is an improvement on the Regulation of the Minister of Trade Number 62/MDAG/PER/12/2009.

Minister of Trade added that for domestic products is implemented, on 1 September 2010, and for goods that **have been** circulating in the market, enforcement of the original date of December 21, 2011 to March 1, 2012.

"Goods label setting in the Indonesian language is also used for guidance and supervision effectiveness of consumer protection implementation. The guidance and supervision effectiveness is realized through a limited label arrangement with priority entry to a few specific types of products in stages, said Minister of Trade.

Labels load minimal description/explanation of goods and the identity of the businessman, while for goods related to health, safety, security and environment (K3L) must contain information about the symbol of danger, and caution statement or a clear warning.

Minister of Trade added that an important pillar of the Regulation of Minister of Trade is a matter of oversight to make it effective. ***"The process of monitoring has been initiated and carried out educative approach because this is a fundamental change that takes time. In the last month supervision is carried out gradually and continuously improved in both the port and in the domestic market "said Minister of Trade.***

In this supervision the Ministry of Trade in cooperation with relevant agencies towards the implementation of the provisions of the label began in October 2010 on a regular basis and involve Civil Servant Investigator of Consumer Protection (PPNS-PK) and Supervisory Officers of Goods and Services (PPBJ) both at central and regional levels.

Regulation of Minister of Trade Number 22/MDAG/PER/5/2010 include non-food items which are divided into four groups, namely: for household electronics, telecommunications, and informatics; goods of building materials means, consumer goods for vehicles (spare parts and others), and other types of goods (footwear, finished leather material, etc.) with a total amount of goods around 103 products.

Settings in labeling in Indonesian language are applied to both for goods produced domestically and imported goods. For imported goods labeling is applied since the goods entering the customs area, while for the production of domestic goods labeling is applied when the goods will be circulated in the market.

"Certainly in the future we will continue to refine this Regulation of Minister of Trade by adding a list of HS products affected by the arrangement labeling mandatory thus range of goods products is increasingly wide. But for us this is a substantive step in the effort of consumer protection to complement the arrangement of food and medicine that has been done under the authority of the POM," continued the Minister of Trade.

In order to socialize this Regulation of Ministry of Trade, the Ministry of Trade continues to socialize activities to both businessman and the government apparatus so that it can be understood and implemented properly. Until now, direct socialization has been done to the 1,657 businessman of KADIN / related associations, GABEL, Priority Line Company Association, APRINDO, GAIKINDO, GIAMM, Color Photocopiers Distributors Association, Association of Computer Indonesia, Indonesian Garment Employers Association, Indonesian Tire businessmen Association, JETRO, supply companies of Matahari Department Store and Hypermart, building Depot supplier company, Nike, Sony, Microsoft, Ace Hardware Group, and Sumitomo, Sole Agent Association of Heavy Equipment Indonesia (PAABI), Fiber Cement Manufacture Association (FICMA).

While socialization to the government apparatus has been carried out directly or indirectly to the 470 Office personnels in charge of trade among others in Medan, Batam, Pekanbaru, Bengkulu, Bandung, Semarang, Surabaya, Denpasar, Mataram, Pontianak, Manado, Gorontalo, Makassar, Kendari, and Ambon.

Socialization is also done through print and electronic media, a notice to employers through a number of 50,000 copies of leaflets in cooperation with Jasa Marga at the toll Tangerang, Bekasi Barat, and flyers through deliveryman delivering newspapers in Jabodetabek.

Position on 29 September 2010 entrepreneurs have filed the Certificate of Label Imprinting in Bahasa Indonesia (SKPLBI) of 1,044 entrepreneur and has been fully processed and issued the Certificate of Labeling as much as 958 or 91%, with details for the type of household electronic goods, telecommunications and informatics as much as 512 (426 for importer and 86 for producer), the type of the building means goods of 30 (18 for importers and 20 for producers), the type of motor vehicle consumer goods (spare parts and other) of 185 (127 for importers and 58 for producers), and other items as much as 223 (168 for importers and 58 for manufacturers).

In the regulations on this label, there are some exceptions. Minister of Trade Mari Pangestu said, *"Exceptions obligation label inclusion in Indonesian language are given to producers, brand holder agents, which imports the goods for the purposes of the production process or as an auxiliary raw material. As for the general importer it also be given an exception as far as imported materials are sold directly to manufacturers as raw materials or auxiliary materials for production processes and should not be transferred or traded in the domestic market. "*

For Further Information, please contact:

Robert James Bintaryo - Head of Public Relations
Ministry of Trade
Tel./Fax.: 021-386-0371

Radu M. Sembiring - Secretary to Directorate General of Standardization and Consumer Protection
Directorate General of Standardization and Consumer Protection
Ministry of Trade
Tel/Fax: 021-384-0986/ 021-384-0986

Inayat Iman - Director of Distribute Goods Supervisory and Services
Directorate General of Standardization and Consumer Protection
Ministry of Trade
Tel/Fax: 021-385-8189/021-385-8189

Appendix II.

Jakarta, September 1, 2010

To: Food Producers/Importers/Distributors across Indonesia

CIRCULAR LETTER

No: HK.05.01.1.52.09.10.8502

ON

THE APPLICATION OF REGULATIONS ON FOOD LABEL

Based on analysis of result of supervision of the Indonesian Drug and Food Control Agency, it is found that there are foods in circulation accompanied with label not in accordance with the legislation, such as:

1. label is not written in Indonesian language;
2. label can easily stick off;
3. label can easily lose its color or damaged;
4. label is placed on the part of the packaging which cannot easily be seen and read; and
5. label does not contain the complete information.

Considering that in accordance with the provisions of

1. Law No. 7/1996 on Food;
2. Government Regulation No. 69/1999 on Food Label and Advertisement; and
3. Decree of the Drug and Food Control Agency No. HK.00.05.1.2569/2004 on Criteria and Procedure for Assessment of Food Products.

We would also like to remind and confirm to all food producers/importers/distributors:

- a. to stick food label written in Indonesian language;
- b. to stick food label in accordance with the legislation;
- c. application for new registration can only be processed after meeting the requirements in this

regulation; and

- d. food label not meeting the requirements shall be given six (6) months to be adjusted to the existing regulations on labeling.

In case that there are foods in circulation not accompanied with label in accordance with the legislation, the Drug and Food Control Agency will impose administrative sanctions or other actions in accordance with the legislation.

The information above shall be implemented accordingly.

Head of

Drug and Food Control Agency

of the Republic of Indonesia

signed and sealed

Dra. Kustaminah, Apt, M.App, Sc.

Employee ID No. 196112271980032001

Cc:

1. Coordinating Minister of Economy;
2. Coordinating Minister for Social Welfare;
3. Minister of Health;
4. Minister of Industry;
5. Minister of Trade;
6. Minister of Foreign Affairs;
7. Minister of Finance cq Directorate General of Customs and Excise;
8. Deputies at the Drug and Food Control Agency;
9. Directors at Deputy III of the Drug and Food Control Agency;
10. Heads of Offices of the Drug and Food Control Agency across Indonesia.

Appendix III.

MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA

DIRECTORATE GENERAL OF CUSTOMS AND EXCISE

Jalan Jenderal Ahmad Yani	Phone: 4890308
Jakarta 13230	Fax: 4890807
PO Box 108 Jakarta 10002	Website: www.beacukai.go.id

October 6, 2010

To:

Heads of Main Service Offices;

Heads of Customs and Excise Supervision and Service Offices across Indonesia

CIRCULAR LETTER

NO: SE-19/BC/2010

ON

CONFIRMATION ABOUT MANDATORY LABELLING OF IMPORTED FOOD AND
BEVERAGE PRODUCTS

According to Letter of the Minister of Industry of the Republic of Indonesia No. 525/M-IND/9/2010 dated September 15, 2010 concerning Increase of Import of Food and Beverage Products in First Semester of 2010 and their entrance to Indonesian customs area not accompanied with Indonesian language label, we would like to inform you on the following matters:

1. Pursuant to Law No. 7/1996 on Food and Government Regulation No. 69/199 on Food Label and Advertisement, it is stated that any person producing or importing packaged food to Indonesian territory to be traded shall be obliged to stick label on and or in the food packaging by using Indonesian language, Arabic numerals, and Latin letters that shall state information

regarding:

- a. name of product;
 - b. list of names of ingredients used;
 - c. net weight or volume;
 - d. name and address of the party who produces or imports food to Indonesian territory;
 - e. expiry date, month, and year.
2. For the implementation of the above regulations, Head of the Indonesian Drug and Food Control Agency issued Decree No. HK.00.05.52.4321/2003 on General Guidelines on Labeling of Food Products and Circular Letter No. HK.05.01.1.52.09.10.8502 dated September 1, 2010 to Producers/Importers/Distributors to re-confirm about the application of regulations on food label.
3. In observance of the above matters, we ask your support to tighten control to ensure that food and drink products entering the Indonesian territory have met the labeling requirements and do not distort the national industrial development.

The information above shall be implemented accordingly.

Director General

signed and sealed

Thomas Sugijata

Employee ID No. 19510621 197903 1 001

Cc:

1. Directors at the Headquarter of the Directorate General of Customs and Excise;
2. Analysts at the Headquarter of the Directorate General of Customs and Excise;
3. Head of Customs and Excise Office's Internal Compliance Department;
4. Heads of Regional Offices across Indonesia

